



City of Miami Gardens

NEIGHBORHOOD STABILIZATION PROGRAM 2 SUBMISSION DRAFT

Areas of Greatest Need

The Title III of the Housing and Economic Recovery Act of 2008 states NSP funds shall be used with respect to individuals and families whose income does not exceed 120% AMI. The notice also indicates that grantees should give priority emphasis to areas of greatest need,” including those: 1) with the greatest percentage of homes in foreclosures; 2) with the highest percentage of homes financed by subprime mortgage related loans; and 3) identified by the City as likely to face a significant rise in the rate of home foreclosures.

In researching and analyzing foreclosures in Miami Gardens, City staff found that areas of greatest need are consistent with low and moderate areas identified in the City’s consolidated plan. The highest priority will be placed on areas with the greatest percentage of home foreclosures, areas with the highest percentage of homes financed by subprime mortgage related loans and areas that have been identified as likely to face a significant rise in the rate of foreclosures.

Areas determined to be the focal point of a Neighborhood Stabilization Program 2 intervention were identified as follows:

Census Tract	Foreclosure Risk Score	Vacancy and Foreclosure Risk Score	Estimated Number of Mortgages to Start Foreclosure or become Delinquent in Last 2 Years	Estimated Percent of Mortgages to Start Foreclosure or become Delinquent in Last 2 Years	Percent of HMDA Mortgages Made 2004-2007 that are Low-Cost and High-Leverage	Percent of HMDA Mortgages Made 2004-2007 that are High-Cost and Low-Leverage	Percent of HMDA Mortgages Made 2004-2007 that are High-Cost and High-Leverage
000401	20	12	424	30.3%	10.3%	22.9%	27.0%
000402	20	18	219	32.6%	6.2%	31.0%	25.4%
000403	20	20	353	32.2%	7.1%	32.6%	23.6%
000501	20	13	319	32.3%	7.2%	25.0%	29.1%
000502	20	13	466	29.8%	8.1%	25.5%	23.3%
009400	20	15	442	33.3%	9.2%	26.7%	31.0%
009501	20	12	238	30.4%	9.5%	29.3%	22.6%
009502	20	15	587	31.3%	9.5%	22.9%	29.0%
009600	20	14	220	29.7%	10.2%	22.5%	26.0%

009802	20	15	774	25.4%	7.0%	20.8%	16.0%
009901	20	9	301	28.8%	9.5%	29.0%	19.1%
009902	20	17	894	31.7%	10.7%	20.1%	32.3%
009903	20	13	348	30.3%	9.0%	21.7%	27.4%
009904	20	9	182	33.6%	8.7%	27.5%	30.9%
010001	20	17	413	32.8%	6.7%	30.7%	26.1%
010002	20	15	734	31.3%	8.2%	28.7%	24.7%
010006	20	16	465	30.4%	10.6%	21.0%	28.5%
010009	20	15	464	29.8%	11.2%	22.2%	26.7%
010010	20	13	366	34.5%	6.5%	29.4%	30.9%

Within the project area, 8,209 mortgages have either began the foreclosure process or become seriously delinquent within the past two years, according to HUD estimates. The HUD data shows that the highest estimated number of foreclosures (894) was found in tract 009902 with an estimated foreclosure rate of 31.7%. However, the census tract with the highest foreclosure rate (34.5%) was tract 010010. NSP2 grant funds will be distributed to the areas with the greatest need as indicated in the chart above. Given the City of Miami Garden's proposed activities, priority will be placed on census tracts with the highest number of foreclosures.

The City will also focus on the demolition of abandoned properties that are considered blighted. These properties have amassed a large number of code violations and do not have current homestead exemption status. These residential addresses have been vacant for at least a 90-day period and are within the areas of greatest need in the City. The City's priority will be to target abandoned properties that reside in the census tracts that have the highest rate of foreclosure.

Distribution and Uses of Funds

Activity	Amount
Purchase and rehab of foreclosed properties for rental to HH earning up to 50% of AMI	\$3,500,000
Purchase of abandoned housing units for resale	\$4,000,000
Demolition of abandoned housing units	\$250,000
Rehab of units for resale	\$2,000,000
Subsidy assistance for buyers of purchased properties	\$2,500,000
Down payment assistance for direct buyers of foreclosed properties	\$1,000,000
Program administration	\$707,209
Total NSP Funds Allocated	\$13,957,209

25% of funds (\$3,500,000) to be provided to households earning less than 50% of AMI: The proposed activity, using NSP funds, will include the purchase of single family homes that have been foreclosed and abandoned. The methodology used to identify the areas where this activity is proposed will be within the NSP guidelines as having the greatest percentage of homes foreclosures, the highest percentage of homes financed by a subprime mortgage related loan and identified as likely to face a significant rise in the rate of home foreclosures. The homes will then be rehabilitated and used as rental units for the target population. The City anticipates utilizing an experienced developer to carry out this activity on the City's behalf. The developer will be selected through a formal solicitation process and will hold title to the purchased properties. The properties will contain a restrictive covenant to ensure that their use is in accordance with the sub-recipient agreement that will be executed with the selected developer.

Purchase of foreclosed properties (\$4,000,000): The City proposes to purchase a number of single family housing units in the target neighborhoods. The criteria for purchasing these units will include (but not be limited

to) purchase price below appraised value, location of housing unit, condition of the housing unit, size/amenity desirable to interested buyers. The City anticipates carrying out this activity in one of two ways. 1) City will utilize the services of licensed realtors to negotiate with lenders holding mortgages on these properties and will execute the purchase transaction directly. 2) City will execute a sub-recipient agreement with a developer (for profit or not for profit) to act on the City's behalf to purchase properties that meet the above established criteria.

As part of the NSP, the City proposes demolition of abandoned and boarded up housing units (\$250,000). We believe demolition of these units will serve to eliminate eyesores to the neighborhoods and should serve to stimulate new home purchases. Through the City's Code Enforcement Department, approximately 30 single family units have been identified as blighted structures that are in violation of Florida Building Codes. These units (none of which are homesteaded properties) have gone thru the Special Masters process and deemed eligible for demolition. They also have amassed a large number of code enforcement liens that in many instances exceed the property value. The emphasis for the demolition of units will be to target those that exist within the areas of greatest need.

Rehabilitation of purchased properties (\$2,000,000): It is the objective of the NSP that these funds be utilized with the primary intent to bring stabilization to the distressed housing market. To that end, the City anticipates purchasing several housing units that will be ultimately sold to eligible buyers. However, based on market data, it is an expected condition that properties that have been foreclosed and abandoned are in need of rehabilitation to either meet minimum building code (or housing quality standards- HQS), or to make them aesthetically desirable to the potential buyers. Therefore, this activity proposes utilizing the allocated funds to carry out the rehab activities. Depending on the most expedient manner, the City may choose to administer the individual rehabilitation projects directly or utilize a developer to perform the rehabilitation work on properties that have been purchased. Any program income generated by the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) shall be used in accordance with the provisions of Section 2301 of the Housing and Economic Recovery Act of 2008.

Subsidy assistance for buyers (\$2,500,000): An essential component of homebuyer programs is subsidy. This is especially critical when targeting household incomes that cannot exceed 120% of AMI. The City anticipates making the allocated amount available to eligible buyers that need the subsidy in order to make the purchase transaction feasible. The amount of per unit subsidy will not exceed \$55,000, which is well below the levels allowed under HOME regulations, as per Section 206A. The City proposes that its subsidy assistance be in the form of a 15-year forgivable mortgage loan with a recapture provision. Any program income generated by the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) shall be used in accordance with the provisions of Section 2301 of the Housing and Economic Recovery Act of 2008.

Down payment assistance for direct buyers of foreclosed properties (\$1,000,000): In order to supplement the redevelopment activity taking place within the project area, the City will provide financial assistance to direct buyers of foreclosed properties whose household incomes do not exceed 120% of AMI.

Program administration (\$707,209): In accordance with HUD's notice governing the use of NSP Funds, grantees may use up to 10% of its allocation for general program administration costs. This activity will include things like advertising, homebuyer counseling, and program staffing.